

ANZ-ROY MORGAN CONSUMER CONFIDENCE SPECIAL REPORT - MEDIA RELEASE

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THE BUDGET BLUES – CONFIDENCE WEAKENS FURTHER

- Consumer confidence fell a further 3.2% to 100.4 in the week ending 18 May, after the 2014-15 Commonwealth Budget was handed down. Confidence began weakening noticeably four weeks ago when some significant policies were leaked ahead of the Budget's release and is down a sharp 14% since then; the steepest decline over a four-week period since the series became weekly in October 2008.
- Respondents' perceptions of 'financial situation compared to a year ago', which is most correlated with households' spending growth, suggests consumer spending could soften in the near term. This subindex fell 3% last week and has weakened notably over the past two months. At this stage, ANZ's bottom line for the household consumption outlook remains that consumer spending will improve this year, although the Budget – due to both the direct and indirect impacts – may weigh on the speed of that recovery.
- Interestingly, all other subindices fell last week except for perceptions of 'economic conditions in the next five years' which rose modestly (+1.0%).
- Over a comparable period to May readings of other Australian consumer confidence measures, the ANZ-Roy Morgan consumer confidence pulse is down almost 12% m/m.

Head of Australian Economics (Corporate & Commercial) Justin Fabo said:

"The ANZ-Roy Morgan weekly consumer confidence index weakened further following last week's release of the much-anticipated Commonwealth Budget. While the Budget revealed some changes to welfare eligibility and taxes which may weigh a little on consumer spending directly over the next few years, the indirect impacts of these announcements on consumer confidence could prove to be more important. Consumer confidence has declined a sharp 14% over the past four weeks, suggesting that households could pull back on some spending in the near term.

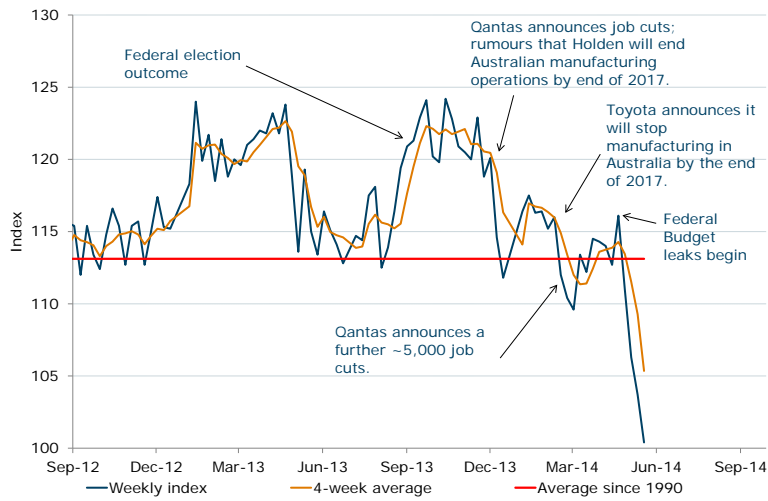
The persistence of this fall will, however, be important to the assessment of the consumer spending outlook. We will continue to watch consumer confidence closely in coming weeks."

FIGURE 1. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE

Last week (17 th /18 th May)	Weekly change, %	4-week avg	Monthly avg since 1990
100.4	-3.2	105.4	113.1

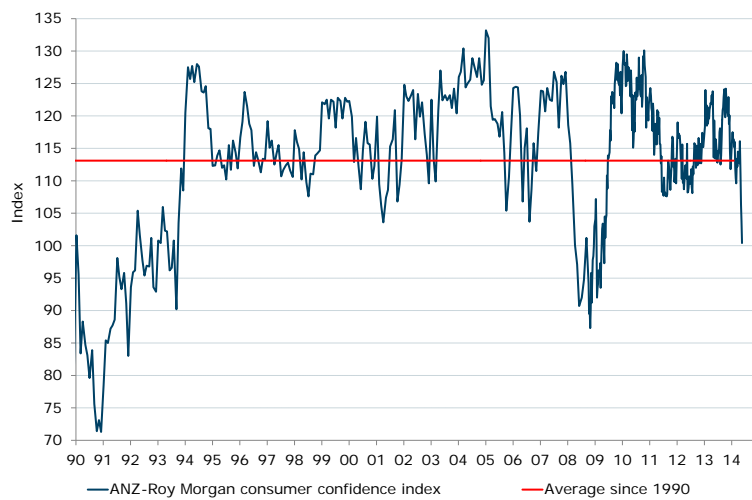
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted.

FIGURE 2. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE



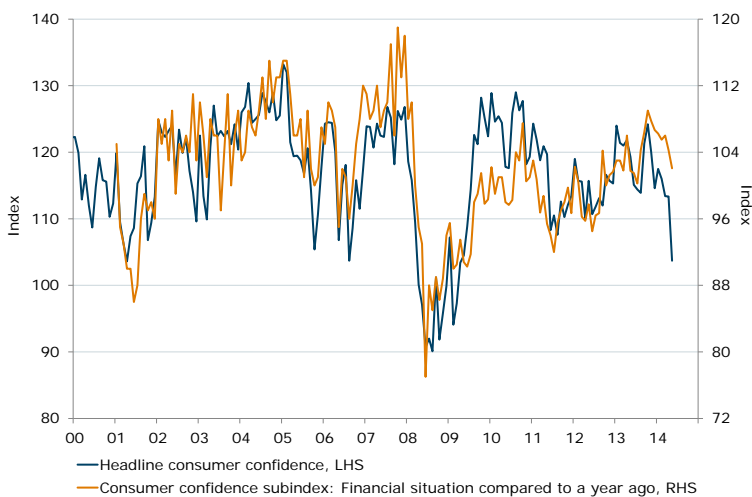
Source: ANZ-Roy Morgan

FIGURE 3. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE



Source: ANZ-Roy Morgan

FIGURE 4. HEADLINE VS SUBINDEX 'FINANCIAL SITUATION COMPARED TO A YEAR AGO', MONTHLY



Source: ANZ-Roy Morgan

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